

**OFFERING MEMORANDUM** 

### CHEWY INC. (NYSE: CHWY) PHARMACY COMPOUNDING CENTER 3621 Fern Valley Rd, Louisville, KY 40219

UPS WORLDPORT



### NET LEASE DISCLAIMER

Marcus & Millichap hereby advises all prospective purchasers of Net Lease property as follows:

The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable. However, Marcus & Millichap has not and will not verify any of this information, nor has Marcus & Millichap conducted any investigation regarding these matters. Marcus & Millichap makes no guarantee, warranty or representation whatsoever about the accuracy or completeness of any information provided.

As the Buyer of a Net Lease property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Marketing Brochure is not a substitute for your thorough due diligence investigation of this investment opportunity. Marcus & Millichap expressly denies any obligation to conduct a due diligence examination of this Property for Buyer.

COMPOUND PHARMACI

Any projections, opinions, assumptions or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property.

The value of a Net Lease property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors.

Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any Net Lease property to determine to your satisfaction with the suitability of the property for your needs.

Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this Net Lease property.

Marcus & Millichap

OFFICES THROUGHOUT THE U.S. AND CANADA marcusmillichap.com

# EXCLUSIVELY LISTED BY

### **DANIEL GREENAMYRE**

Senior Director Investments

Kansas City

Direct: 816.410.1028

Daniel.Greenamyre@marcusmillichap.com

KS #SP00236311

### BROKER OF RECORD

### FITZGERALD, GRANT

Kentucky (502) 329-5900 License: 286261









### **OFFERING SUMMARY**

3621 FERN VALLEY RD



Listing Price **\$7,582,741** 



Cap Rate **6.80%** 



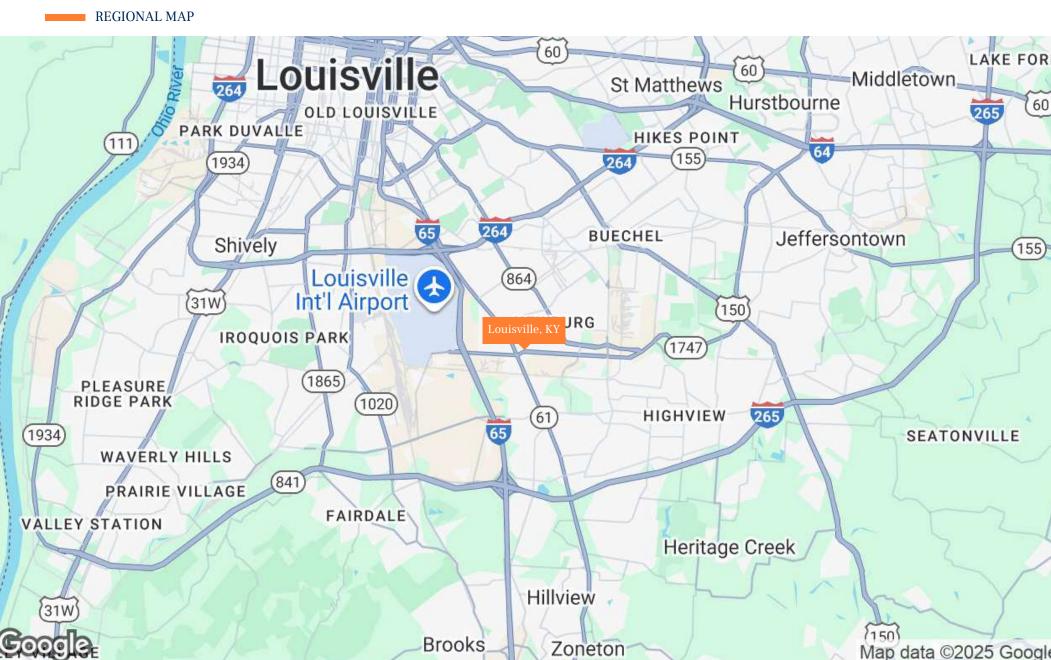
Price/SF **\$300.02** 

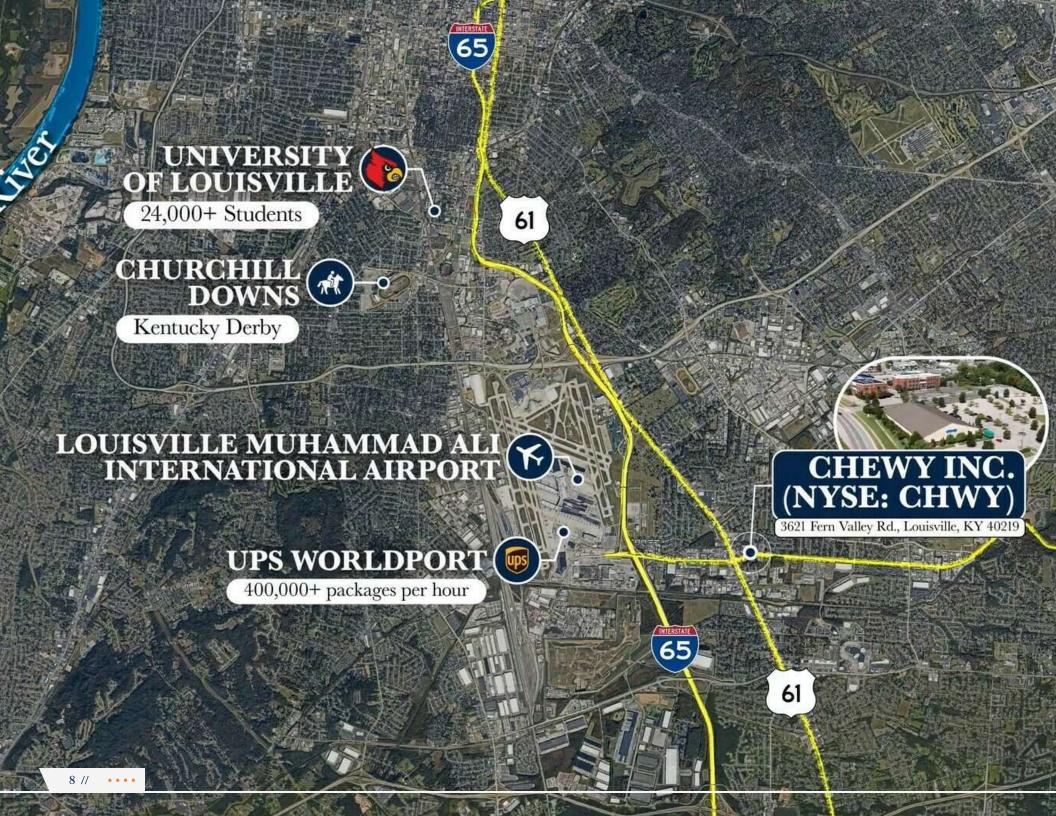
Listing Price	\$7,582,741
NOI	\$515,977
Cap Rate	6.80%
Price/SF	\$300.02
Parking Lot NNN Lease (included in NOI)	\$68,400

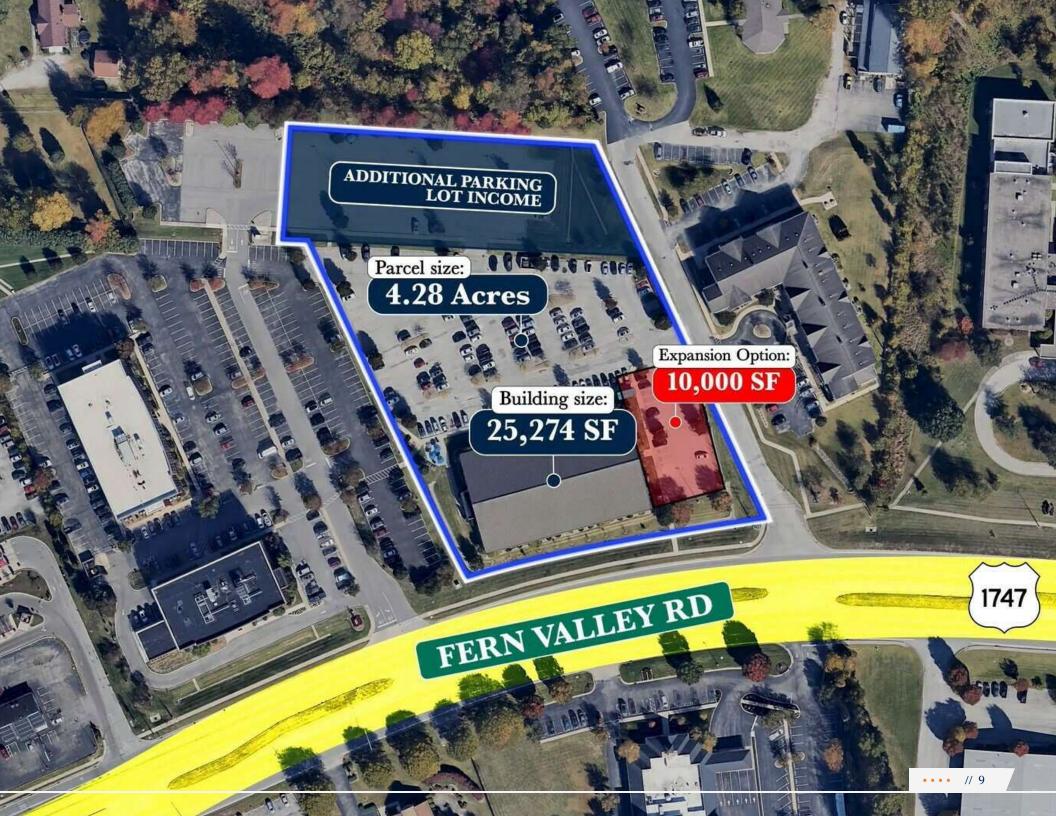
### **OPERATIONAL**

UPERATIONAL	
Lease Type	Modified Gross w/ Exp. Stops
Guarantor	Corporate Guarantee
Lease Commencement	09/01/2018
Lease Expiration	04/30/2029
Term Remaining on Lease (Yrs)	3.75
Renewal Options	2x5 Year Options
Rent Increases	2.5% Annual Increases
Gross SF	25,274 SF
Lot Size	4.28 Acres
Year Built / Renovated	1977 / 2018









3621 Fern Valley Rd, Louisville, KY 40219

### INVESTMENT OVERVIEW

Marcus & Millichap is pleased to introduce a **mission-critical industrial-distribution and office property leased to Chewy, Inc. (NYSE: CHWY)** under a corporate-guaranteed lease with roughly 3.5 years left on the initial term and two five-year renewal options. The lease offers 2.5% annual rent escalations and a modified gross structure, with utility pass-throughs and expense reimbursements above a 2019 base year.

Serving as Chewy's core compounding pharmacy, the facility plays a key role in the company's growing pharmacy operations, aided by Kentucky's participation in the FDA's 503A MOU enabling higher interstate shipments of compounded pet medications, positioning it perfectly for this role. The location also carries a PCAB accreditation, a rare distinction for exceptional quality and safety in veterinary compounding, increases switching costs and tenant stickiness. With Chewy's pharmacy segment now a major contributor to its projected \$12.3 billion FY2025 revenue, this property is a key long-term asset providing specialized infrastructure and compliance. A substantial value-add potential (12-15% IRR) comes from Chewy's option to expand by 10,000 square feet, highly probable given the building's geography, state regulations and home base for the highest-margin segment of their business.

Located near Interstate 65 (200,000 vehicles daily) and a signalized intersection (52,000 vehicles daily) in a bustling, densely populated trade area, the property gains from Louisville's top-three U.S. office market status with sub-6.0% vacancy, reflecting strong regional fundamentals.

#### **INVESTMENT HIGHLIGHTS**

Corporate-guaranteed lease to Chewy (NYSE: CHWY) with 3.5 years remaining, 2.5% annual increases, and two five-year renewal options. | MG Lease w/ 2019 Base Year Expense Stops

**Mission-critical facility** serving as Chewy's exclusive Compounding Pharmacy and high-capacity call center; supports the company's highest-margin business segment—compound pharmaceuticals.

**Strategically located** in Kentucky, where favorable mail-order pharmacy laws enable Chewy to distribute Compounded Veterinary Medications efficiently across numerous licensed states.

Adjacent to UPS Worldport, processing 400,000+ packages per hour—ideal for time-sensitive pharmaceutical fulfillment.

Chewy holds expansion rights for an additional 10,000 SF, supporting future growth as the nation's #1 pet pharmacy with projected FY2025 revenue exceeding \$12.3 billion. 12-15% IRR Proforma (see agent for detail)

Located near I-65 and a high-traffic intersection (200,000+ VPD) in Louisville—one of the top three U.S. office markets with sub-6.0% vacancy.





### **TENANT HIGHLIGHTS**

- Nation's Leading Online Pet Retailer: Chewy serves over 20 million customers and is the largest pure-play e-commerce platform for pet food, supplies, and medications
- **Publicly Traded with Strong Financials**: Projected FY2025 revenue of \$12.3-\$12.45 billion and a ~\$16 billion market cap, with gross margins of 29.6%.
- **Revenue Model**: Over 80% of sales come from autoship subscriptions, reinforcing customer retention and revenue predictability
- PCAB-Accredited Compounding Pharmacy: Chewy's veterinary compounding operations meet the highest national standards—an elite credential held by few competitors
- Strategic National Footprint: Chewy operates licensed pharmacies in five states, with its PCAB-accredited Kentucky hub serving as a critical anchor for mail-order pharmaceutical fulfillment.

#### TENANT OVERVIEW

Company:	Chewy Inc. (NYSE: CHWY)
Founded:	2011
Total Revenue:	\$12.3 billion (projected FY2025)
Subject Location:	Chewy's Exclusive Compound Pharmacy
Pharmacy Margins:	Highest Product Category
Headquarters:	Plantation, Florida
Website:	www.chewy.com

### **ABOUT**

Chewy, Inc. (NYSE: CHWY) is the nation's leading online destination for pet products, serving over **20 million active customers** with a full suite of food, toys, healthcare, and pharmacy offerings. Founded in 2011 and publicly traded since 2019, Chewy has consistently expanded its capabilities beyond e-commerce into pet healthcare as a vertically integrated platform within the \$140+ billion U.S. pet market.

Chewy operates the #1 pet pharmacy in the U.S., offering prescription and compounded veterinary medications tailored to individual pet needs. Its PCAB-accredited pharmacies are licensed in multiple states, including the subject property, where the companies compounding operations are centralized. These facilities prepare customized formats such as flavored liquids, chews, and gels—creating meaningful clinical and customer advantages over traditional models.

To support its prescription services, Chewy developed **Practice Hub**, a digital platform now used by over 17,000 veterinary clinics. The tool allows veterinarians to manage prescriptions, approve refills, and even participate in revenue from fulfillment—offering a mutually beneficial partnership that enhances clinic retention and prescription volume.

With growing capabilities in telehealth, autoship fulfillment, and a fully integrated supply chain, Chewy has created a sticky, end-to-end ecosystem for pet care. These services drive operational scale, deepen customer loyalty, and provide a distinct moat around its business. As of FY2025, Chewy projects revenue exceeding \$12.3 billion, with its veterinary pharmacy and healthcare services contributing a fast-growing share of overall performance

PROPERTY DETAILS

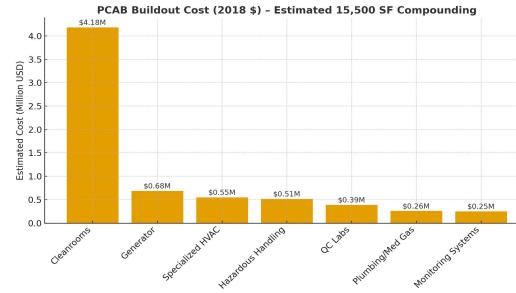
### TENANT BUILD-OUT SPECIFICATIONS - PCAB COMPOUNDING PHARMACY (2018 SPEC)

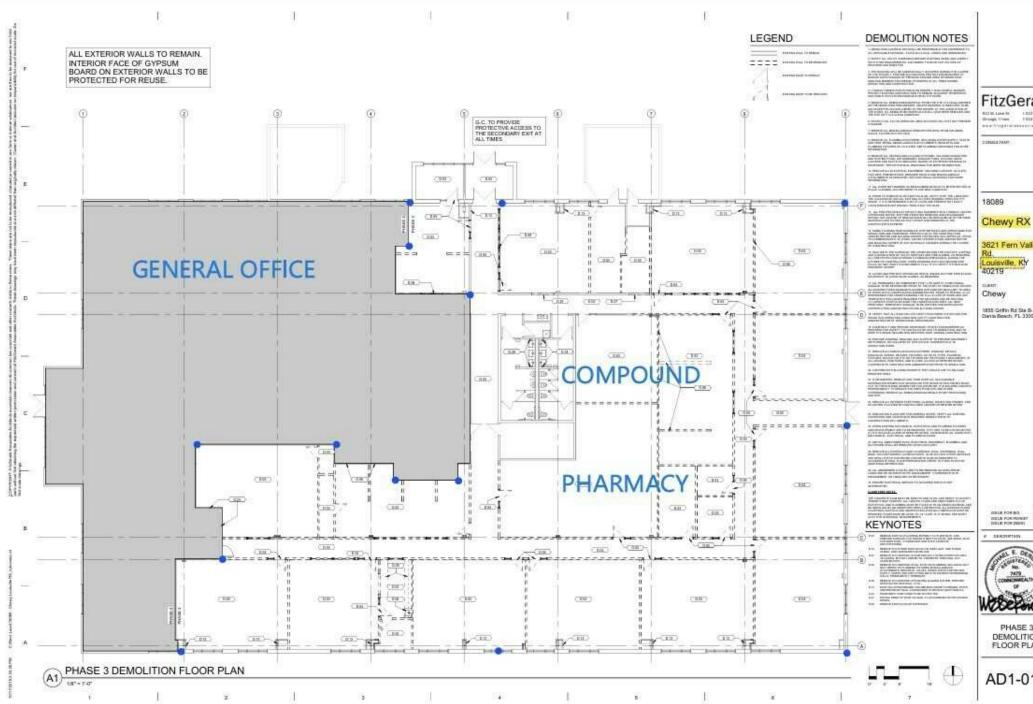
USP <797>/<800> Grade Cleanrooms	Sterile compounding suites, buffer/ante rooms, gowning areas, seamless finishes
Cummins Generator	Redundant power with ATS, switchgear, and fuel system
Specialized HVAC & Environmental Systems	Redundant AHUs, HEPA filtration, humidity/temp control, pressure cascades
Hazardous Drug Handling (USP <800>)	Negative-pressure rooms, biosafety cabinets, vented exhaust
Quality Control / Microbiology Labs	In-house sterility testing, validation, environmental monitoring
Plumbing & Medical Gas	Purified water, eyewash stations, compressed air/vacuum, med gases
Monitoring & Validation Systems	Continuous particle counts, pressure/temperature logging, alarms

### 2018 COST (CPI-DEFLATED) FOR AN ESTIMATED 15,500 SF OF COMPOUNDING SPACE

\$ Cost Est.	\$208-\$332/SF (2018)
\$ Cost Est.	\$540K-\$830K (2018)
\$ Cost Est.	\$29-\$41/SF (2018)
\$ Cost Est.	\$125-\$208/SF (2018)
\$ Cost Est.	\$125-\$208/SF (2018)
\$ Cost Est.	\$12-\$21/SF (2018)
\$ Cost Est.	\$166K-\$332K (2018)







FitzGerald

Charles the new

3621 Fern Valley

1855 Geffin Rd Ste 5-425, Clerks Beach: FL 32004

PHASE 3 DEMOLITION FLOOR PLAN

AD1-01A

# SECTION 1

### FINANCIAL ANALYSIS

Lease Abstract Financial Details

LEASE ABSTRACT

THE OFFERING	
Price	\$7,582,741
Capitalization Rate	6.80%
Price/SF	\$300.02

PROPERTY DESCRIPTION	
Year Built / Renovated	1975/2018
Gross Leasable Area	25,274 SF
Type of Ownership	Fee Simple
Lot Size	4.28 Acres

LEASE SUMMARY	
Tenant	Chewy, Inc. (NASDAQ: CHWY)
Rent Increases	2.5% Annual Increases
Guarantor	Corporate Guarantee
Lease Type	Modified Gross w/ Base Yr. Stop
Lease Commencement	09/01/2018
Lease Expiration	04/30/2029
Renewal Options	2x5 Year Options
Term Remaining on Lease (Yrs)	3.75 Years
Tenant Responsibility	Expenses > Base Year 2019

RENT SCHEDULE			
YEAR	ANNUAL RENT	MONTHLY RENT	RENT/SF
Current	\$542,237	\$45,186	\$21.45
11/1/2026 - 10/31/2027	\$555,793	\$46,316	\$21.99
11/1/2027 - 10/31/2028	\$569,688	\$47,474	\$22.54
11/1/2028 - 04/30/2029	\$583,930	\$48,661	\$23.10
Opt. 2x5- FMV - (2029-2039)	\$598,528	\$49,877	\$23.68

- (1) Tenant has a renewal option at fair market value, with strong likelihood of exercise.
- (2) Tenant holds a 10,000 SF expansion option.
- (3) Landlord obligated to provide 8 parking spaces per 1,000 SF.
- (4) Based on original lease concessions (LL share vs. tenant investment / \$PSF basis), a proforma IRR of 12–15% is achievable assuming a 2030 sale.

Contact agent for further details.

### FINANCIAL DETAILS

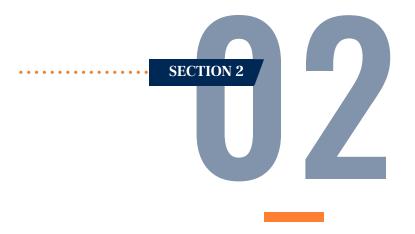
ANNUALIZED OPERATING INFORMATION		
INCOME		
Base Rental Income	\$542,237	
Parking Rental Revenue	\$68,400	
Operating Expense Reimbursement	\$51,758	
Gross Income	\$662,395	
Operating Expenses	\$146,418	
Net Operating Income	\$515,977	
OPERATING EXPENSES		
Taxes	\$28,949	
Insurance	\$10,052	
CAM	\$107,417	
Total Expenses	\$146,418	
Total Expenses/SF	\$5.79	

- 1. Tenant pays increases over Base Year 2019 (\$94,660), for Tax, Insurance & CAM expenses. Controllable expenses may not increase by not more than 4% over the prior year.
- 2. Tenant pays Parking Rent of \$5,700 per month
- 3. Operating Expense Reimbursement based on 2019 Base Year vs Expense estimate.









### **MARKET OVERVIEW**

Market Overview Demographics

MARKET OVERVIEW

### LOUISVILLE

Home to the famous Kentucky Derby, the Louisville metro is composed of Indiana's Harrison, Washington, Clark, Floyd and Scott counties, as well as Kentucky's Jefferson, Spencer, Oldham, Trimble, Shelby, Bullitt and Henry counties. Louisville, Kentucky is the region's most populous city, with more than 387,000 citizens, followed by Jeffersonville, Indiana, which has 51,000 residents. The Ohio River cuts through the region and was an important player in the area's development.



\*Forecast

Sources: Marcus & Millichap Research Services; BLS; Bureau of Economic Analysis; Experian; Fortune; Moody's Analytics; U.S.
Census Bureau

### METRO HIGHLIGHTS



#### CENTRALIZED LOCATION

Approximately 60 percent of United States cities are within a one-day drive of the metro, providing access to large economic centers.



### MAJOR DISTRIBUTION CENTER

Louisville's strategic geographic placement has made it a hub for logistics and distribution industries.



#### THE DERBY

Every May, attention is focused on Louisville when it hosts the Kentucky Derby — the most acclaimed horse racing event in the world.

### ECONOMY

- Although the region's economy has been historically dominated by the shipping and rail industries, contemporary Louisville boasts a well-diversified economy that is focused on advanced manufacturing, logistics, life sciences and health care, as well as other industry sectors.
- The UPS Worldport global air freight hub at Louisville International Airport makes the region an important player in global shipping and logistics.
- The metro is headquarters to Humana, a Fortune 500 company. Additional major employers include UPS, Ford Motor Co., Norton Healthcare, Kroger Co. and the University of Louisville.

### DEMOGRAPHICS

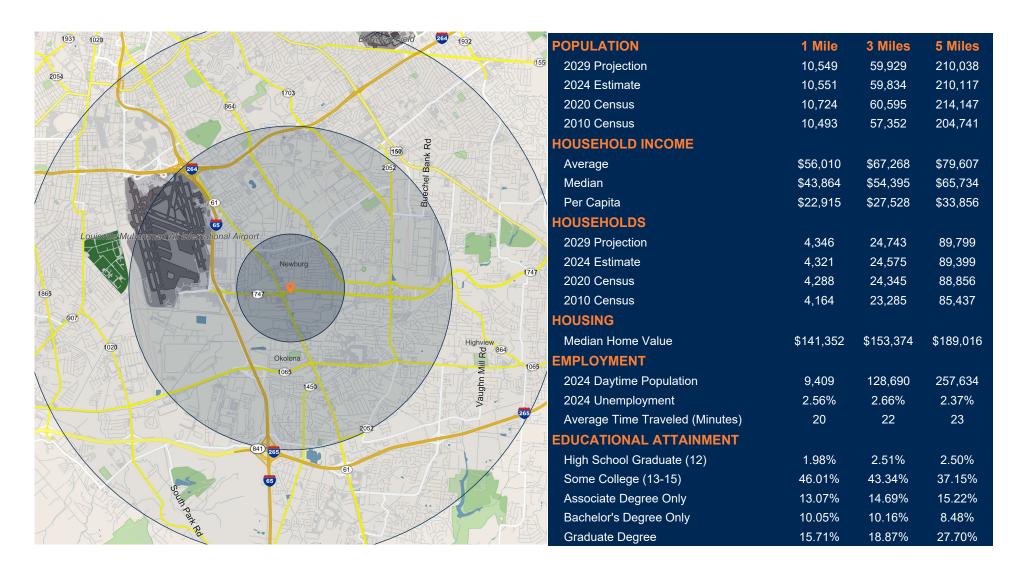




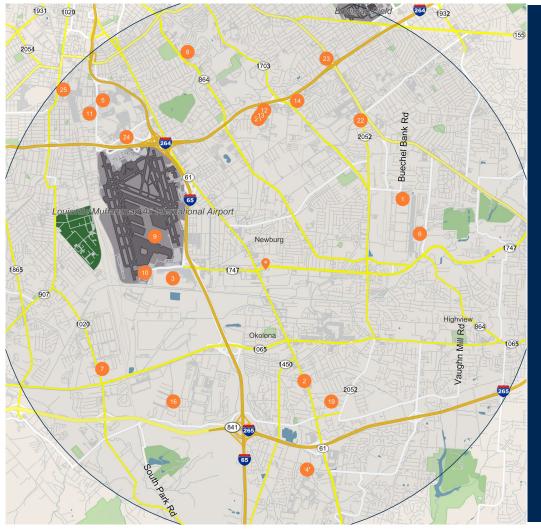








**DEMOGRAPHICS** 



	Major Employers	Employees
1	Haier US Appl Solutions Inc-GE Appliances A Haier Company	6,000
2	Jefferson County Board Educatn-Southern High Magnet Academy	4,583
3	Ford Motor Company-Ford	3,824
4	Jewish Hosp Halthcare Svcs Inc-Vna Home Infusion	2,678
5	Jefferson County Pub Schl Dst-Jefferson Cnty Pub Schl Accnts	1,600
6	Owens & Minor Distribution Inc-Integra Lifesciences	1,304
7	United Parcel Service Inc-UPS	1,287
8	Norton Audubon Hospital	1,242
9	United Parcel Service Inc-UPS	1,107
10	United Parcel Service Inc-UPS	1,010
11	Budco Group Inc-George E Fern Company	1,003
12	Kentucky Fried Chicken Corp-KFC	1,000
13	KFC Corporation-KFC	950
14	Community Medical Assoc Inc	949
15	UPS Customhouse Brokerage Inc-UPS	735
16	United Parcel Service Inc-UPS	692
17	Firstsource Solutions USA Inc	687
18	Yum Brands Inc-YUM	685
19	Fc-Gen Acquisition Inc-Regency Care Rhabilitation Ctr	682
20	United Parcel Service Inc-UPS	635
21	United States Postal Service-US Post Office	573
22	Belflex Staffing Network LLC	571
23	Blue Rose Spirits LLC-Party Mart Outlet Store	561
24	Al J Schneider Company-Crowne Plaza Hotel	545
25	Daikin Applied Americas Inc-AAF International	500

# EXCLUSIVELY LISTED BY

### **DANIEL GREENAMYRE**

Senior Director Investments

Kansas City

Direct: 816.410.1028

Daniel.Greenamyre@marcusmillichap.com

KS #SP00236311